
U.S. Senate
Republican Policy
Committee

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U.S. House
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Balanced Budget Act's Welfare Reform Keeps Food Stamps as Federal Safety Net; Protect Children's Nutritional Needs

The need to reform the food stamp program, as a part of welfare reform, is overwhelming. Food stamp expenditures have risen steadily over the last ten years, doubling from \$12.5 billion in 1984 to \$25.6 billion in 1994. Spending in 1996 was expected to grow to \$27.3 billion.

- Under the Balanced Budget Act, spending still grows, but for the first time, growth rates will be restrained. Savings will total about \$34 billion over seven years.

Reforms to the food stamp program reflect the underlying philosophy of the Republican welfare reform bill, creating a system emphasizing work, families, and personal responsibility.

The Balanced Budget Act Fights Fraud, Cuts Red Tape

- States are permitted to use one set of rules for families applying for both food stamps and welfare. This provision eliminates paperwork, making it friendly for the taxpayers, and provides one-stop service for recipients, making it friendly for families.
- The Balanced Budget Act of 1995 encourages employment and independence, requiring able-bodied individuals without dependents (aged 18-50) will lose their food stamp eligibility after an initial four-month period unless they are employed at least 20 hours a week or participate in a workfare program.
- Once a state has implemented Electronic Benefit Transfer (EBT) on a statewide basis, or reduces rates of error, or pays that part of food stamp expenditures over acceptable levels, it will have the option of operating the food stamp program under a block grant. EBT is a debit card system, widely regarded as an effective way to deliver benefits and reduce fraud. If a state meets one of these requirements, it may design its own food stamp program, but must include a work program for able-bodied recipients and must measure the accuracy of its benefit awards, and spend the bulk of the benefits on food.
- Store accountability standards are increased, penalties are stiffened for stores and participants involved in trafficking in food stamps.